



Rural Business-Cooperative Service (RBS)

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Value-Added Agricultural Product Market Development Grant Program (VADG)

Minnesota Receives 10 Grants Totaling \$1,968,950

The Rural Business-Cooperative Service VADG grants support two of President Bush's pillar initiatives: economic growth and energy.

231 grants were awarded in 43 states total over \$37 million and Minnesota received 10 of the grants that totaled \$1,968,950. The grants will fund a variety of agricultural ventures such as renewable energy, agri-marketing, high-value products from major crops and commodities.

The first of six rounds were announced on Tuesday, October 22nd. The awardees in Minnesota are:

American Crystal Sugar Company, Moorhead, MN **\$166,450**

For development of a value-added food grade sugar beet pulp for use as a thickening, suspending and moisture retention agent in a wide variety of human food applications.

MG Grass Seed, LLC, Roosevelt, MN **\$150,000**

For working capital to establish a new grass seed cleaning and Marketing company, effective systems for identifying preservation and crop segregation and develop new markets for the grass seed.

Midwest Investors of Renville, Renville, MN **\$225,000**

To research the feasibility of a joint partnership with Primera Foods for a new facility that will process eggs beyond the raw state and create new markets for further processed value-added egg products.

Earthwise Processors, LLC, Moorhead, MN **\$150,000**

For working capital to increase sales of preserved crops in new domestic and international markets.

**Harvest Land Cooperative,
Morgan, MN
\$148,000**

To develop on-farm renewable energy generation using wind.

**Cenex Harvest States,
Inver Grove Heights, MN
\$94,000**

To study the feasibility of expanding the demand for high extractable starch corn.

**SoyMor,
Albert Lea, MN
\$500,000**

To develop a business-marketing plan for new types of processed soy oil.

**Generation II Ethanol, LLC,
Brewster, MN
\$250,000**

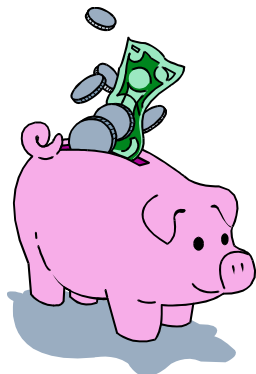
To assess the feasibility of a venture which will help transform farmers from food producers to food and energy producers.

**St. Paul Growers Association,
Inc., St. Paul, MN
\$135,500**

For working capital to provide business support resources for development of value-added agricultural products, new expanded, year-round selling space and on-line retail sales opportunities for grower/producers.

**Blue Mound Soy,
Luverne, MN
\$150,000**

To develop markets for processed identity preserved soybeans.



Ventures in which agricultural producers add value to their products through processing, segregation, or other means are eligible to apply for grants. Grants can be awarded for such activities as conducting feasibility analyses, developing business and marketing plans, or to use as working capital while the venture develops cash flow.

Grant funds cannot be used for the development or acquisition of buildings or other facilities, or to purchase, rent, or install fixed equipment. The maximum allowable grant amount is \$500,000, and grant recipients must provide 1-to-1 matching funds.

Priority will be given to proposals that emphasize the development of renewable energy from agricultural production and the use of innovative technologies to develop value-added products.

Recipients are required to obtain matching funds which will double the impact of the USDA grants.

VADG grants will be funded for the next 5 years. **For information for clients interested in applying for 2003 value-added grants visit:** <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>.

or contact:

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**How Could Your Bank Use
the B&I Guarantee Program?**

Sherburne EnviRock, LLC

In September of 2001, Sherburne EnviRock, LLC received a \$3,992,000 USDA Business & Industry guaranteed loan through the First National Bank of Elk River. The purpose of the project was to build a plant to pelletize waste fly-ash from NSP's Sherco coal-fired electrical generating plant in Becker, Minnesota. The product is used to make highly-desired light-weight blocks for the construction industry.

After receiving an application and an acceptable feasibility study for this innovative project, USDA issued a conditional commitment for guarantee. Once construction was completed, we closed the loan guarantee with the bank. The project is now operating successfully, creating jobs for the area and at the same time helping solve an environmental problem by converting a waste product into a construction material that's in great demand due to its low weight.

USDA guarantees are typically 80% of a loan up to \$5 million for viable rural businesses. The average loan guarantee is about \$2 million. Loans smaller than \$1 million often receive an SBA guarantee when a lender needs credit enhancement.

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